

MINUTES OF A REGULAR MEETING OF THE
VINEYARD REDEVELOPMENT AGENCY BOARD
Vineyard Town Hall, 240 East Gammon Road, Vineyard, Utah
May 11, 2016 - 8:55PM

Present

Absent

Chair Randy Farnworth
Boardmember Tyce Flake
Boardmember Julie Fullmer – (electronically)
Boardmember Dale Goodman
Boardmember Nate Riley

Staff Present: Public Works Director/Engineer Don Overson, Planning Commission Chair Chris Judd, Town Clerk/Recorder Pamela Spencer, Finance Director Jacob McHargue.

Others in attendance: Pete Evans with Flagship Homes; Gerald Anderson, Stewart Park and Jeff Walker with Anderson Development.

The Vineyard Redevelopment Agency (RDA) held a board meeting on May 11, 2016 starting at 8:55 PM in the Vineyard Town Hall.

Regular Session - The meeting was called to order at 8:55PM.

CONSENT AGENDA:

- a) Approval of minutes for the April 13, 2016 meeting
- b) Approval of minutes for the April 27, 2016 meeting

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FULLMER MOVED TO APPROVE THE CONSENT ITEMS. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

BUSINESS ITEMS:

2.1 DISCUSSION AND ACTION – Remediation Funding Request

Anderson Geneva LLC is requesting funds from the RDA for the environmental remediation of the property located on the northwest corner of Geneva Road and The Vineyard Connector. The RDA Board will take appropriate action.(This item was continued from the April 27, 2016 RDA Meeting and the May 4, 2016 RDA Work Session)

Chair Farnworth gave a brief history on the discussions held previously. He mentioned that they compiled a list of RDA projects and were trying to come up with a Memorandum of Understanding (MOU). He asked Anderson Development if they had anything to add.

Gerald Anderson with Anderson Development hoped that he could solve some questions that were unclear. He felt it was important that the board understood that they were not asking for them to identify the money today. He said that before they could move forward in the negotiations with US Steel they had to come to a number that they thought they needed for the cleanup. He stated that they had two different issues; Walmart incentive and the remediation. He explained that the request was a budget not an appropriation. He felt that an approval of the budget would allow them to go to US Steel and finalize the contract for the CAMU and start the cleanup. He mentioned that in 60 to 90 days they would be asking to discuss the remediation of west side property and for a budget approval. He said that after they had a budget they would then ask for proposals on how to fund the projects and in what timeframe.

Chair Farnworth asked the board if they had any questions.

Boardmember Riley asked for the exact amount. Mr. Anderson replied that the original proposal was about \$26,000,000 and did not include infrastructure or concrete removal. He said that the revised amount was about \$29,000,000. He stated that the budget was for remediation and infrastructure for the Walmart. He said that they were not asking for the money but for a budget and once the bids came in they would be able to define the amount. Boardmember Riley asked where they were specifically requesting it in their application. Mr. Anderson replied that they broke it out by line item. He said that the assistance from the RDA was \$19,200,00 for the CAMU, \$5,000,000 for the ground water, and the Walmart request was \$1.7 for a land buy down. He mentioned that part of the buy down would be the town's property. He said that there was \$1.4 million for the infrastructure and \$2.5 million in concrete. He felt that the concrete could be less than what they requested. He indicated that they were in negotiations with US Steel and until they knew how much they could get from the RDA they were unwilling to go under contract.

Chair Farnworth asked the board if they needed more time to work on this. He explained that they had looked at the RDA projects and put together a list of needs. He stated that the money would not come until the latter part of the RDA and that they were maxed out with their commitments. He said that they had \$60,000,000 currently obligated through 2021. Mr. Anderson said that Brian Baker with Zions Bank felt that if they re-issued the current bonds there would be about \$16,000,000 available to use.

Chair Farnworth mentioned that there were other projects that they were committed to complete. Mr. Anderson believed that if they did not put a place holder for the remediation then there would not be enough funds.

Jeff Walker with Anderson Development commented that they were looking for permission to move forward with the project. He said that there would be zero possibility if they did not get US Steel's money. He stated that if they did not go under contract with US Steel then they run the risk of the money not being available. He explained that it may require Anderson to frontload the money to get the project going. He said what they were looking for was the RDA to say that they recognized this as a qualified event to be budgeted for a length of time when there was money. He said that this would give them time to argue about priorities. He stated that they were looking to get a placeholder, not where they were going to come up with the money.

Chair Farnworth asked if the letter was to say they were on board with it. Mr. Anderson stated that attorney David Church said that the RDA had already committed to fund the cleanup, they

just needed Anderson to make the proposal. Chair Farnworth asked if they needed a letter that stated that the board felt it was an important project. Mr. Walker replied that they needed something that stated the project was in the queue. Mr. Anderson said that they needed intent language to find and fund the over the period of the RDA. Chair Farnworth stated that they had already said that they were going to participate. Mr. Anderson said that they were now talking about specific numbers.

Boardmember Flake asked if they wanted an MOU to take to US Steel. Boardmember Flake stated that they would receive it in the near future. Chair Farnworth wanted the town attorney to review the MOU first. He summarized that they had met, reviewed the projects, they wanted Mr. Church to review the document, and then give Anderson the MOU to take to US Steel.

Mr. Anderson stated that US Steel was supposed to have reserved \$63,000,000 for the cleanup of the site. He said that Anderson was not going to commit, but they were willing to move forward if the town was willing to commit.

Chair Farnworth asked the board if they were comfortable in providing an MOU as an intent. Boardmember Fullmer suggested that they have Anderson provide the wording they were looking for and have Mr. Church review it. Chair Farnworth thought that they were looking for something that said they were on board with the projects and with the intent to follow through.

Mr. Anderson explained that once they were able to get the contract with US Steel then they could get to an 80 percent design level for the CAMU and get it out to bid, which would give them a more specific timeframe and cost. He said that they would then present a proposal of where they felt they could come up with revenues, etc. Boardmember Flake felt that it was not quantifiable yet.

Mr. Park with Anderson Development stated that the application requested a timeline but they would need to refine that timeline once it went out to bid. Mr. Walker stated that the numbers were based on two (2) years of research. He felt that US Steel's inclination was to bid high so they did not have to go back to their board for additional funding.

Boardmember Riley expressed concern with the Walmart incentive. He stated that initially they were told that they were not asking for anything and now they were asking for money. He said that he had not seen anyone from Walmart to ask for this money. He said if they spend \$1.7 million to incentivize they would get 350 jobs, open more retail with more jobs, etc. He felt that these would be low income jobs and not the types of jobs they were trying to bring to the property. He asked where the request had come from. Mr. Anderson replied that they had been working on it for over a year. He said that when they were negotiating with some of the boardmembers, they told them they needed an economic development manager who could negotiate for the board. Boardmember Riley asked Boardmember Goodman if he attended any meetings where they discussed the RDA contributing of \$2.00 a square foot. Boardmember Goodman replied that it was never discussed in any meeting he attended. He stated at that time there was no discussion about a specific price for the land. He said he did not recall Walmart asking for any incentives at that point. Mr. Anderson mentioned that the offer Boardmember Goodman had seen was at \$4.00 a square foot which was at a meeting in June of last year and the first meeting he attended. Mr. Anderson said that they told Walmart they would not sell it at \$4.00 a square foot.

Chair Farnworth stated that they needed to put the money into cleanup first. He acknowledged that they might lose Walmart if it takes too long to clean up the area. Mr. Walker felt that Boardmember Riley's point was great and what it showed was that in their budget they needed to make their own priorities. He said that the line items were not all equal, that they had some that were more critical, and that they needed to determine what they would have to cut. Chair Farnworth said that they needed to get US Steel involved but needed the letter stating that the RDA was on board and that it was important to get the area cleaned up. He felt that US Steel did not care if Walmart was on that site. Mr. Anderson felt that US Steel did care because they would be financially damaged. He explained that there was a bill passed in 2006 that allowed the landowner to trump permits where there were multiple people responsible for the cleanup. He said that originally all of the parties had to agree to the cleanup and got it changed so that the landowner had permission to clean it up and then seek reimbursement. He said that their position with US Steel was that they could not wait any longer for them to decide if they were going to fund the cleanup. He explained that every day the land was not developed they lost RDA increment, jobs, etc. He said the town may elect not to participate right now but he was going to use this on US Steel.

Chair Farnworth acknowledged it was important to provide an MOU to finish the negotiations. Boardmember Flake felt that the cleanup had to go ahead and was willing to give them an MOU stating that they would participate, but no numbers. He said that they could prioritize it when the time comes. Chair Farnworth said the other items could be added later and the letter they had was what they needed. He stated that they wanted Mr. Church to review it first and give his input on it.

Mr. Anderson said that if they wanted to separate the Walmart from the environmental cleanup to let him know so that he could tell Walmart. Chair Farnworth felt that cleaning up the area was first and then discuss the Walmart or Costco, etc. a few years down the road. Mr. Walker emphasized that Walmart was motivated and they had given them a preliminary purchase agreement.

Boardmember Goodman felt that when Anderson spoke about an MOU they wanted something specific from the board. Mr. Anderson replied that he envisioned it as a project. He explained that Mike Hutchins presented a \$100,000,000 cleanup issue and that he was trying to break it down into several pieces. He said that there was the CAMOU, which they had to build and the west side remediation to allow development of the Town Center.

Mr. Anderson mentioned that he had an inquiry from a tech business that would like to build a 10-story building by the intermodal hub.

Boardmember Goodman explained that they had a document that they had put together to have Mr. Church review. He felt that Anderson was looking for something that would support them with US Steel and support them in their endeavors to clean up the site. He wanted to make sure that they were providing the information they were looking for. He agreed with Councilmember Fullmer that Anderson should give them something that would be a starting point for the board to review and modify. Mr. West stated that he would be happy to look at what the board already had and given them feedback.

Chair Farnworth wanted Mr. Church to look at it, give his feedback, then give it to Anderson to review, and then submit it for approval. Mr. Anderson said that they were not looking for how much money the RDA was willing to contribute to the cleanup at this time.

Chair Farnworth felt that they needed to have the document done in two weeks, but wanted the board to be comfortable with it.

Boardmember Riley wanted them to separate the items for further discussion. Mr. Anderson mentioned most cities with an RDA had an economic development director that was involved. Boardmember Riley said that at some point Boardmember Goodman was involved and then was not involved. He stated that he did not know why Anderson had not involved Boardmember Goodman when Walmart made the request. Councilmember Riley wanted to separate the items and get the cleanup going and then work on the Walmart request. Mr. Anderson offered to provide the board with the June 2015 LOI.

Chair Farnworth stated that the board would get the document to Anderson for their comments and present it at the next RDA meeting for approval. Mr. Anderson said that they were going to move forward with US Steel with the understanding that the RDA was going to participate. Chair Farnworth felt that they were committed to the cleanup.

2.2 DISCUSSION AND ACTION – Lindon Heritage Trail

Lindon City is requesting funds from the RDA of \$500,000.00 to go towards completion of the Lindon Heritage Trail. The RDA Board will take appropriate action.

Chair Farnworth discussed the request from Lindon. He asked the board what they wanted to do. The board felt it was at the bottom of their list. Mr. McHargue said that he told Lindon that they had bigger projects that needed taken care of before they could do anything with the trail.

Mr. Anderson mentioned that half of the industrial area was in the ownership of Martin Snow. He said that he had spoken with Martin Snow to move forward with an industrial park where the pipe fitter company was located. He suggested that they have someone from the board talk with Martin Snow. Chair Farnworth mentioned that the new planning would also be doing economic development. Mr. Anderson estimated that they could build between a quarter of a million to a half a million square feet a year. He felt that there was some urgency to get the 100 acres developed. He said that he did not want to commit what the town would be willing to do as far as incentives.

2.3 PUBLIC HEARING – Preliminary 2016-2017 Fiscal Year Budget

Finance Director Jacob McHargue will present preliminary 2016-2017 fiscal year budget information for consideration by the Board and receive direction regarding additions, deletions, or corrections to the proposed budget. The RDA Board will hear public comment regarding the preliminary budget. No action will be taken. The tentative budget will be presented for approval on May 25, 2016.

Chair Farnworth turned the time over to Finance Director Jacob McHargue.

Mr. McHargue stated that he had received new information since he posted the preliminary budget. He presented the preliminary budget and included the additional information. He said

that with the new legislation if the RDA believed that the amount of cleanup was more than the housing money they could allocate it to the cleanup. He mentioned that the numbers presented tonight were prior to that adjustment.

Boardmember Riley asked if they could can do all of that without going to the Taxing Entity Committee (TEC). Mr. McHargue replied that with the legislature changes they could make the adjustments. He stated that it could change the amounts they would pay to UVU, Megaplex, etc. He added that where a reimbursement would have taken ten (10) years, now it could be paid off sooner. Boardmember Riley asked if they wanted to pay it off sooner. Mr. McHargue replied that it did not matter because the money had already been freed up.

Other highlights from the report were:

- The property tax increment was \$3,753,000, which was a net amount. He added that the \$1,000,000 in the Housing fund would go back into the property tax increment budget.
- RDA increment would not change.
- Miscellaneous income was a repayment of the impact fees
- Salaries and Wages – \$114,000
- Employee Benefits – \$52,000
- Contracted Services – \$229,000
- Bond Payments – higher than last year due to a rail spur removal bond payment being due

Chair Farnworth called for a motion to open the public hearing.

Motion: BOARDMEMBER RILEY MOVED TO OPEN THE PUBLIC HEARING AT 9:45PM. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

Mr. Anderson asked when they could sell the right-of-way and if could the money go towards the bond payments. Mr. McHargue thought it would be as soon as the contract was completed. He said that the money for the bond was sitting in a Public Treasurers Investment Fund (PTIF). Mr. Anderson stated that they were willing to purchase what they could sell, they were willing to lobby to receive UTDOT's money, that Cottonwood Partners might be willing to purchase part of it, and the remainder would be in Orem. He said that their goal was to reduce the rail bond by about half. Chair Farnworth felt that anything coming in would help free up increment. Mr. McHargue explained that with the housing money they would have just under \$1.5 million.

Mr. McHargue stated that their bonding capacity would be different in four (4) to five (5) years than it was currently. He added that the numbers were projecting growth assuming a certain amount of success in the Geneva area.

Chair Farnworth called for further comment. Hearing none he called for a motion to close the public hearing.

Motion: BOARDMEMBER RILEY MOVED TO CLOSE THE PUBLIC HEARING AT 9:49PM. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMEBER FLAKE MOVED TO ADJOURN THE MEETING AT 9:50PM.
BOARDMEMBER FULLMER SECONDED THE MONTION. ALL WERE IN FAVOR.
MOTION CARRIED UNANIMOUSLY.

The Redevelopment Agency Board will schedule future meetings as necessary.

MINUTES APPROVED ON: June 08, 2016

CERTIFIED CORRECT BY: /s/ Pamela Spencer
P. SPENCER, TOWN CLERK/RECORDER